

PURCHASE AGREEMENT

This Purchase Agreement (the “*Agreement*”) dated as of August 7, 2017 (the “*Effective Date*”), is entered into by and among Sentinel Reinsurance, Ltd. (“*Purchaser*”) and each of Highland CDO Opportunity Master Fund, L.P., Highland CDO Holding Company and Highland Special Opportunities Holdings Company (together, “*Sellers*”).

RECITALS

WHEREAS, Sellers are each party in a lawsuit styled UBS Securities LLC and UBS AG, London Branch, v. Highland Capital Management, L.P., Highland Special Opportunities Holding Company, Highland Financial Partners, L.P., Highland CDO Opportunity Master Fund, L.P., Highland Credit Opportunities CDO, L.P., and Strand Advisors, Inc., Cause No. 650097/2009 (the “*Lawsuit*”);

WHEREAS, Sellers desire to purchase a Legal Liability Insurance Policy relating to Sellers’ potential liability in the Lawsuit in form substantially as set forth in Exhibit A hereto (the “*Policy*”); and

WHEREAS, Purchaser is an insurance company that is able to provide Sellers insurance coverage pursuant to the terms of the requested Policy, and Purchaser desires to provide Policy coverage to Sellers pursuant to the terms herein and therein.

NOW, THEREFORE, in consideration of the mutual promises and covenants contained in this Agreement, the parties hereto agree as follows:

1. Payment of Premium. Purchaser agrees to accept the assets listed in Schedule A hereto as 100% payment of the Premium, including any as yet unpaid or contingent financial proceeds or other benefits related thereto, with the explicit undertaking that if anything of value is received by the Sellers, such cash or other item of value shall be held in trust for the Purchaser and promptly remitted thereto (the “*Transferred Interests*”). Sellers undertake that immediately following signing this Agreement, they will each take all such steps and execute all such documents to vest legal and beneficial ownership free from liens or encumbrances (as hereinafter defined) in all the Transferred Interests in the Purchaser.

2. Entire Agreement. This Agreement and the Schedule and Exhibit attached hereto embody the entire agreement and understanding among the parties hereto with respect to the subject matter hereof and supersede all prior agreements and understandings relating to such subject matter.

3. Amendments and Waivers. This Agreement may be amended only by an agreement in writing signed by each party hereto, and no waiver or compliance with any provision or condition hereof and no consent provided for herein shall be effective unless evidenced by an instrument in writing duly executed by the party hereto sought to be charged with such waiver or consent.

4. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which shall be one and the same document.

5. Headings. The headings contained in this Agreement are for convenience only and do not constitute a part of this Agreement.

6. Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

Exhibit #

Deposition Exhibit 02

4/27/20

exhibitstick.com

7. Governing Law. This Agreement shall be governed by, and construed and interpreted in accordance with the substantive laws of the Cayman Islands without giving effect to any conflict of laws rule or principle thereof that might result in the application of the laws of another jurisdiction, and the courts of the Cayman Islands shall have exclusive jurisdiction to determine any dispute.

8. Further Assurances. Each party to this Agreement hereby covenants and agrees, without the necessity of any further consideration, to execute and deliver any and all further documents and to perform such other acts as may be necessary to carry out the intent and purposes of this Agreement and to consummate the transactions contemplated hereby.

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IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto as of the date first written above.

SELLER


Highland CDO Opportunity Master Fund, L.P.

By: Highland CDO Opportunity Fund GP, L.P., its
general partner

By: Highland CDO Opportunity GP, LLC, its general
partner

By: Highland Capital Management, L.P., its sole
member

By: ~~Strand Advisors, Inc.~~, its general partner

By: 

Name: James Dondero

Title: President

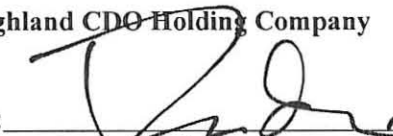
Highland CDO Opportunity Fund, Ltd.

By: 

Name: James Dondero

Title: Director


Highland CDO Holding Company

By: 

Name: James Dondero

Title: Director

Highland Special Opportunities Holdings Company

By: 

Name: James Dondero

Title: Director

Highland Financial Corp.

By: 

Name: James Dondero

Title: President

Highland Financial Partnership, L.P.

By: 

Name: James Dondero

Title: Chief Executive Officer

PURCHASER

SENTINEL REINSURANCE, LTD.

By: 
Name: **Andrew Dean**
Title: Director

SCHEDULE A**HIGHLAND CDO OPPORTUTNITY MASTER FUND, L.P.**

ISIN	Description	Traded Shares/Par
KY009A1KXYH6	ABERDEEN LN FDG LTD PFD	12,000,000.00
KY84427P2029	SOUTHFORK CLO LTD CUM PFD 144A	10,000.00
KYG829101032	SOUTHFORK CLO LTD PFD	9,000.00
US00306M3007	ABERDEEN LN FDG LTD PFD	5,000.00
US3624682098	GSC ABS CDO 2006-4U LT CUM PFD 144A	16,000.00
US39364P2011	GREENBRIAR CLO LTD PFD 144A	16,250.00
US43009L2034	HIGHLAND FINL PARTNERS LP	615,733.00
US43009L9898	HIGHLAND FINL PARTNERS LP NPV	3,000,000.00
US5431742056	LONGSTREET CDO I LTD PFD 144A	3,000.00
US65340G2057	NEXPOINT C COM USD0.001 (POST REV S)	100.00
US69763NAD30	PAM CAP FDG LP 0.0 01MAY13 144A	48,500,000.00
	FRN	42,868,390.80
US8729623038	TOUSA INC 8.0 PFD 144A	1,337.00
US91914QAA40	VALHALLA CLO LTD 0.0 01AUG23	6,000,000.00
	144A	6,000,000.00
US925331AA89	VERTICAL ABS CDO 2 0.0 09MAY46	6,000,000.00
	144A	6,000,000.00
N/A	HIGHLAND CREDIT OPPORTUNITIES CDO LTD. PARTNERSHIP INTEREST	24,313.00
	\$2,157,088 PROMISSORY NOTE (GOVERNANCE RE, LTD. AS MAKER) AND CASH OF \$539,272 – RE: NEXPOINT MULTIFAMILY CAPITAL TRUST INTEREST	269,636.00
N/A	NEXPOINT REAL ESTATE STRAT – Z	97,257.00
N/A	HIGHLAND GEMINI PROGRAM (POLLUX)	65,314.00
	\$2,399,996 PROMISSORY NOTE (THE DUGABOY INVESTMENT TRUST AS MAKER) AND CASH	
N/A	OF \$599,999 – RE: SURVIOS INTEREST	2,999,995.00
BCC0MVTX4	CAMBR 5X FLOATING – 12/2045	19,350,000.00
N/A	CASH	\$7,779,722.00

HIGHLAND CDO OPPORTUTNITY FUND, LTD.

ISIN	Description	Traded Shares/Par
N/A	CASH	\$2,349,436.00

HIGHLAND CDO HOLDINGS COMPANY

ISIN	Description	Traded Shares/Par
US404185AD22	HFT REAL EST 3.33867 25NOV51	750,000.00
	144A F	750,000.00
US65340G2057	NEXPOINT C COM USD0.001 (POST REV S)	165,395.00
US65341D1028	NEXPOINT R COM USD0.001 'WI'	220,527.00
US86280AAE73	STRATFORD CL 3.16956 01NOV21	300,000.00
	144A F	300,000.00
USG44392AF82	HIGHLAND PARK C 4.93867	17,000,000.00
	25NOV51 FRN	24,076,296.18
N/A	PROMISSORY NOTE – CLO HOLDCO, LTD. AS	
N/A	MAKER – 12/23/2025	\$32,801,593.00
N/A	CASH	\$539,641.00
N/A	DIVIDENDS RECEIVABLE – HIGHLAND CAPITAL	
N/A	MANAGEMENT, LP	\$136,598.00

HIGHLAND SPECIAL OPPORTUNITIES HOLDINGS COMPANY

ISIN	Description	Traded Shares/Par
US247126AC93	DELPHI CORP DEL 7.125 01MAY29	1,500,000.00
US247126AD76	DELPHI CORP DEL 6.55 15JUN06 USD	3,000,000.00
US5431742056	LONGSTREET CDO I LTD PFD 144A	1,570.00
US8729623038	TOUSA INC 8.0 PFD 144A	5,349.00
US925331AA89	VERTICAL ABS CDO 2 0.0 09MAY46	5,000,000.00
	144A	5,000,000.00
N/A	CASH	\$295,136.00

HIGHLAND FINANCIAL CORP.

ISIN	Description	Traded Shares/Par
N/A	CASH	\$80,144.00
N/A	TAX REFUND RECEIVABLE – HIGHLAND	
N/A	CAPITAL MANAGEMENT, LP	\$477,637.00

HIGHLAND FINANCIAL PARTNERS, L.P.

ISIN	Description	Traded Shares/Par
N/A	CASH	\$29,252.00